



Fact Sheet

U.S. Department of Agriculture
Foreign Agricultural Service
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Permanent Normal Trade Relations with China **What's at Stake for New York?**

New York produces and exports agricultural and forest products worldwide. The state's farm cash receipts and forest product shipments totaled \$3.1 billion in 1998 and \$1.3 billion in 1996, respectively. As for exports, the value of agricultural products leaving the state was estimated at \$367 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

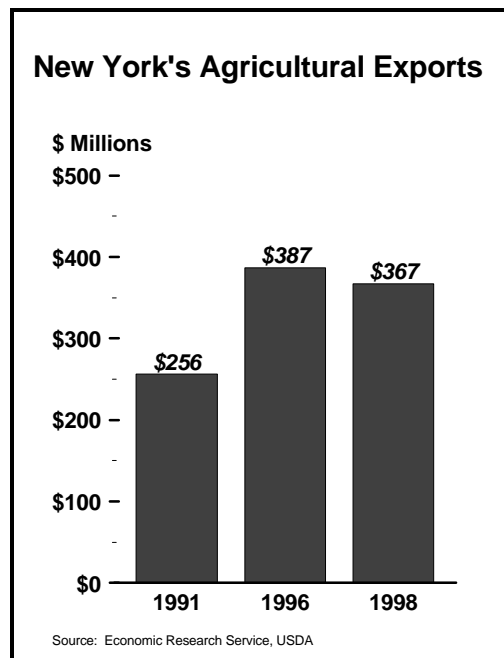
Trade Benefits

The following key products are important to New York, and expected to reap some of the largest export gains from China's accession to the World Trade Organization (WTO).

Fruit—New York is the nation's second largest commercial apple producer, with fresh and processed fruit exports worldwide estimated at \$60 million in 1998. Under its WTO accession agreement, China will reduce tariffs by up to 75 percent for fresh and processed deciduous fruit. Tariffs on apples, pears, cherries, and jams and jellies will fall from 30 percent to 10 percent; tariffs on plums will fall from 40 percent to 10 percent; and the tariff on wine will fall from 65 percent to 20 percent.

Dairy—New York's dairy product exports worldwide were estimated at \$51 million in 1998. China's dairy product consumption is rapidly increasing due to rising incomes and government promotion. China's milk production is also growing, but the domestic dairy sector is not expected to keep up with the growth in demand. Under its WTO accession agreement, China will cut its tariffs on selected dairy products by 2004. Specific reductions include: selected cheeses (from 50 percent to 12 percent); lactose (from 35 percent to 10 percent); and ice cream (from 45 percent to 19 percent). In recent years, the United States has supplied approximately one-fifth of China's dairy imports.

Feed Grains—New York's feed grain and product exports worldwide were estimated at \$43 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign grain suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on corn will be initially set at 4.5 million metric tons and grow to 7.2 million metric tons by 2004. Private traders will be permitted to handle 25



percent of imports under the TRQ, growing to 40 percent. In 1998, China imported less than 250,000 metric tons of corn from all countries. China's commitment to end export subsidies will reduce its price competitiveness for corn in other markets.

Solid Wood Products—The lumber industry is also important to the state. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.